

**AN ORDINANCE ESTABLISHING A MINIMUM WAGE PAID BY
THOSE PARTIES WHO ENTER INTO CONTRACTS WITH THE CITY**

WHEREAS, raising the minimum wage of low-wage workers increases their morale and productivity, and quality of their work; and

WHEREAS, raising the pay of low-wage workers also lowers turnover and related costs, including costs of supervision; and

WHEREAS, in order to increase the efficiency and cost savings in the work performed by parties who contract with the Federal Government, President Obama issued an executive order on February 12, 2014 increasing to \$10.10 the hourly minimum wage paid by those federal contractors; and

WHEREAS, similarly, many state and local governments are not waiting for Congress to raise the federal minimum wage and have taken action to raise their respective state and local minimum wages to \$10.10 per hour; and

WHEREAS, all full-time City employees make at least \$10.10 per hour, but parties who contract with the City may be paying their employees and/or workers less than this amount or at the current federal minimum wage of \$7.25 per hour; and

WHEREAS, the City desires and deems it appropriate to establish a minimum wage of \$10.10 per hour paid by those parties who enter into contracts with the City.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF WILMINGTON
HEREBY ORDAINS:**

SECTION 1. Beginning January 1, 2015, all contracts for which competitive bidding is required shall, to the extent permitted by law, include a provision that the minimum wage to be paid to workers in the performance of any contract or subcontract with the City shall be at least \$10.10 per hour, except workers who are tipped employees, whose hourly cash wage paid by the employer to such workers shall be at least \$4.90 per

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#3976

Sponsor:

Council
Member
D. Brown

Co Sponsor:

Council
Member
Cabrera

hour. Furthermore, any party entering into a contract for which this Ordinance applies shall submit an affidavit to the Division of Procurement and Records within thirty (30) days of executing the contract confirming that the party is in compliance with this Ordinance and will remain in compliance for the duration of the contract.

SECTION 2. The requirements of this Ordinance shall not apply to contracts already in effect prior to January 1, 2015 and to the purchases of goods that do not require competitive bidding.

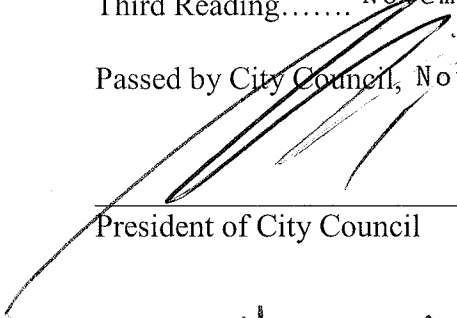
SECTION 3. The Department of Finance, through its Division of Procurement and Records, shall be authorized to investigate potential violations and to obtain compliance of this Ordinance.

SECTION 4. Any increase or modification to the minimum wage rates set forth herein shall only be done by further ordinance.

SECTION 5. This Ordinance shall take effect on January 1, 2015.

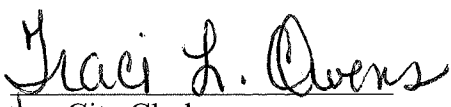
First Reading.....September 18, 2014
Second Reading..... September 18, 2014
Third Reading..... November 6, 2014

Passed by City Council, November 6, 2014



President of City Council

ATTEST:


Deputy City Clerk

Approved as to form this
5th day of November, 2014

Danay Shatnaga
Assistant City Solicitor

Approved this 12 day of Nov, 2014

Dem P. Weir
Mayor

SYNOPSIS: This Ordinance establishes a minimum wage of \$10.10 to be paid by those parties who enter into contracts with the City. The Ordinance applies only to contracts for which competitive bidding is required and will become effective on January 1, 2015.

MINIMUM WAGE LEGISLATION FISCAL IMPACT

The Procurement Division has determined that a very small population of City contractors would be affected by this minimum wage legislation. These contractors provide janitorial services, landscaping & grass cutting, and vacant property maintenance.

Procurement contacted the following vendors:

- Asset Management Alliance, which provides janitorial, security, and landscaping services
- Advantage Building and Facility Services, which provides janitorial and landscaping services
- Param General Contracting, which provides grounds and vacant property maintenance
- Tony's Janitorial, which provides janitorial services at the Municipal Complex

Procurement asked each of these contractors two questions:

- 1) Do you favor an increase in the minimum wage?
- 2) What impact would it have on your contracts with the City of Wilmington?

Only Param General Contracting favored an increase in the minimum wage to \$10.10 per hour. All the contractors indicated that the increase in the minimum wage would be passed directly onto the City through an increase in their contract pricing. In addition, Tony's Janitorial was concerned about the impact such a change would have on the current City contract. Procurement assured them that their current contract would not be affected by this legislation.

Based on the responses to question #2, it was clear that the increase to the minimum wage paid by the contractors would be passed on as higher costs to the City for their contract services, as none of the contacted vendors indicated that they would absorb such an increase in the reduction of their profit margin. The projected cost that would be passed onto the City in the form of higher prices from these contractors would total between \$50,000 and \$65,000 annually.

In addition to the increase in the contract costs, there was a question as to additional costs associated with ensuring compliance with the legislation. Because there is a pre-existing need for a consultant & employee to ensure that contracts are in compliance with City, Federal and State requirements, this legislation does not create additional costs for the City to ensure compliance with the proposed minimum wage requirements.

On the positive side, because of the higher wages that would be paid to the employees of the affected contractors, there would be a marginal increase of between \$1,300 and \$1,500 in Earned Income Tax revenue.